

**IAS 29 *Financial Reporting in Hyperinflationary Economies*** (January 2014)

**Applicability of the concept of financial capital maintenance defined in terms of constant purchasing power units**

The Interpretations Committee considered the following two questions:

- whether an entity is permitted to use the financial capital maintenance concept defined in terms of constant purchasing power units that is described in the Conceptual Framework for Financial Reporting when the entity's functional currency is not the currency of a hyperinflationary economy as described in IAS 29 *Financial Reporting in Hyperinflationary Economies*; and
- if such use is permitted, whether the entity needs to apply IAS 29 to its financial statements prepared using a specific model of that concept of financial capital maintenance when it falls within the scope of IAS 29.

The Interpretations Committee observed that the guidance in the Conceptual Framework is written to assist the IASB in the development of Standards. It is also used in the development of an accounting policy only when no Standards specifically apply to a particular transaction, other event or condition, or deal with similar and related issues. Consequently the guidance in the Conceptual Framework relating to the use of a particular capital maintenance concept cannot be used to override the requirements of any Standard, and an entity is not permitted to apply a concept of capital maintenance that conflicts with the existing requirements in a particular Standard, when applying that Standard.

In addition, the Interpretations Committee noted that the results of the outreach indicate that these issues are not widespread. For this reason the Interpretations Committee decided not to add these issues to its agenda.